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SUBJECT: AUSTRIA PESSMISITIC ON DOHA

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1. (SBU) Econ Unit Chief met January 13 with Gabriella Habermayer, Head of the Ministry of Economy's Multilateral Trade Division to discuss next steps after Hong Kong and the GoA's outlook for progress. Habermayer noted that WTO Director General Lamy was promoting a series of bilateral consultations in hopes of identifying a common level of ambition before tackling more technical questions, such as modalities.

2. (SBU) Habermayer questioned whether bilateral consultations would lead to a balanced result between NAMA, services, and agriculture. The EU, in Habermayer's view, would not put forward any particularly ambitious proposals, especially on agricultural market access. On the other hand, Habermayer lamented that developing countries' ambition in NAMA and services was lacking. Habermayer opined that European political leaders would only lend support for compromises after significant movement in NAMA and services.

3. (SBU) Habermayer pointed out that the WTO would eventually have to "multilateralize" the web of bilateral consultations. This would be particularly difficult with LDCs, who are not the focus of the bilaterals. Moreover, Habermayer speculated that it would be difficult to elicit LDC engagement, especially since they already received a good development package at Hong Kong.

4. (SBU) Habermayer said she expected the January 29 informal Trade Ministers' meeting would recap the Hong Kong results, rather than break new ground. She doubted whether the EU would formally submit any new proposals until the bilateral consultations concluded at the end of February, as Brussels "would not want to show its hand." She noted this did not leave much time to meet the April 30 deadline for agreeing on modalities.

5. (SBU) Regarding the Commissioner's negotiating mandate, Habermayer said that a majority of member states are comfortable with Mandelson's limited flexibility on agriculture. However, most member states are willing to give Mandelson more leeway negotiating offensive interests-NAMA and services. As an aside, Habermayer lamented that "no one in the EU" was advocating these offensive interests vigorously enough.

MCCAW